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RUEHUL/AMEMBASSY SEOUL PRIORITY 0490
RUEHBS/AMEMBASSY BRUSSELS PRIORITY 1652
RUEHMIL/AMCONSUL MILAN PRIORITY 8417
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SUBJECT: ITALY: STEEL INDUSTRY COMPETITIVENESS

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¶1. (U) The Italian steel sector boomed in the 1950s, following the Italian Government's decision to create a steel industry able to meet strong consumer demand for cars and domestic appliances. The GOI's public steel producer, Finsider, collapsed in the 1980s, and was privatized in the 1990s. In recent years, private companies in Italy have raised steel production from 260 tons per worker in 1980 to 670 tons per worker in 2002, while reducing work force from 100,000 in 1980 to around 38,000 at present. Italy is the second-largest producer of steel in the European Union, after Germany.

¶2. (U) Italy's steel policy reflects EU steel policy. The European Parliament issued a resolution December 2005 on the future of the steel sector in the EU, calling on the EU Commission to develop initiatives to prevent further decline of the European steel industry and job losses. (Note: The EU passed this resolution in response to an early-2004 crisis in the iron and steel sector -- a.k.a. the "AST/Thyssen Krupp" case. End note.) EU import duties for most steel products are currently at zero percent. Since the European Coal and Steel Community (ECSC) Treaty's expiration in 2002, the EC Treaty has governed EU commercial policy for steel products.

¶3. (U) According to Confindustria, the Italian Industrialists' Association, the GOI does not have any initiatives designed to enhance the competitiveness of the steel industry. The government does have numerous research programs focused on improving industrial competitiveness, but these are open to all industries, and are not steel-specific. SPOGLI